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BFIN 322.01: Business Finance

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BFIN 322 BUSINESS FINANCE

School of **Business Administration**

Semester: Spring 2015

Section: 01 MW 2:10 – 3:30 GBB L14

Professor: Tony Crawford, Ph.D.

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Office: GBB 321

Office Phone: 243-2557

Office Hours: Tuesday 9:00 - 10:30 AM
Thursday 2:00 - 3:30 PM

Text Books:

Essentials of Corporate Finance, 8th Edition (Custom Book)



Stephen A. Ross, MASS INSTITUTE OF TECH
Randolph W Westerfield, University of Southern California
Bradford D Jordan, UNIV OF KENTUCKY LEXINGTON
W/Connect Plus Custom/Ross
ISBN 978-0-07-820176-9

This is a Custom book (Cover will look different) For those so inclined you can purchase an e-book with connect plus (details were e-mailed):

<http://connect.mheducation.com/class/t-crawford-bfin-322-spring-2015-sec-01>

Moodle:

All course materials can be found on Moodle.

Financial Press: Wall Street Journal, Business Week, and/or Barrons (Recommended)

Use the online order form at www.wsj.com/studentoffer to purchase a subscription. Must have a credit card to complete this purchase online. Students are also required to verify their student enrollment before proceeding to the order page, by submitting their legal name as it appears on college transcripts and birth date.

Professors are provided a list of their WSJ student subscribers. To be on that list, make sure to follow these instructions when activating your bookstore packet or online subscription:

Under School Information use the following:

First 3 digits of the school zip code – **598**

School Name – click on **UNIVERSITY OF MONTANA**

Referring Professor – click on **CRAWFORD, TONY**

Upon activation you will have immediate access to WSJ.com. Your print paper will begin in 3-5 days after you complete the activation and will be delivered to the address you list on the activation form.

Financial calculator (required):

Accounting and Finance classes require the Texas Instruments BAII Plus or BA II Plus Professional (for finance majors)

Instruction manuals are posted on Moodle

I will use the Texas Instruments BAII PLUS financial calculator for examples in class. Becoming familiar with this calculator will help you to solve more real world problems.

IClicker (required):

You are the key to your success in this class. In effort to have a more engaged classroom, We will be utilizing Iclicker technology in class. In each class we will provide polling questions for which you are required to submit answers. You will be evaluated on accuracy and participation/attendance. One point will be given for each correct response and one point for attendance. To obtain attendance points you must respond to at least 75% of the polling questions that day. Your IClicker grade will weighted as 10% of your final grade. **IClicker grading will start on the second day of class!**

Do not submit answers for anyone else using his/her IClicker. This is cheating and will be dealt with as so! A seating chart will be used in class to monitor actual attendance with IClicker results!

School of Business Administration Mission Statement and Assurance of Learning

The University of Montana's School of Business Administration enhances lives and benefits society by providing a world-class business education in a supportive, collegial environment.

We accomplish this mission by acting on our shared core values of creating significant experiences, building relationships, teaching and researching relevant topics, behaving ethically, and inspiring individuals to thrive.

As part of our assessment process and assurance-of-learning standards, the School of Business Administration has adopted the following learning goals for our undergraduate students:

- Learning Goal 1: SoBA graduates will possess fundamental business knowledge.
- Learning Goal 2: SoBA graduates will be able to integrate business knowledge.
- Learning Goal 3: SoBA graduates will be effective communicators.
- Learning Goal 4: SoBA graduates will possess problem solving skills.
- Learning Goal 5: SoBA graduates will have an ethical awareness.
- Learning Goal 6: SoBA graduates will be proficient users of technology.
- Learning Goal 7: SoBA graduates will understand the global business environment in which they operate.

Course Learning Goals

This course is a junior level introduction to the field of business finance. Finance is a broad topic and a full introduction to Finance would require introductions to investing, banking, risk management, corporate financial management, and more. This course will concentrate on corporate financial management. Fortunately there are three fundamental pillars of Finance that extend to all subfields of Finance. The first pillar is the time value of money, the second is asset valuation and the third is risk management. Many of the tools we develop and the analysis we use is general enough to extend to other areas of finance. A strong understanding of these fundamentals is required for those continuing on to other finance courses. For those not continuing in finance the course provides a necessary introduction to the financial implications of strategic business decisions.

The course provides a fundamental introduction into the mathematics of finance, in particular the time value of money, and the determinants of value. This course will provide students the opportunity to apply these financial tools to such financial management decisions as the allocation of corporate funds, (investment decisions), raising funds, (financing decisions), and day-to-day working capital management. While the emphasis of the material is corporate financial management, the course's primary emphasis is on the determinants of value. Therefore, much of the material in this class can be extended to investment management and other related areas of finance.

Upon completing this course, a student will be able to:

- Discuss the main types of corporate financial decisions: working capital, capital budgeting, capital structure and planning and demonstrate how each relates to creating value for shareholders. Students go well beyond learning terms and definitions are required to build financial decision making skills and analytical ability.
- Improve proficiency in applying critical thinking skills to numerical analysis of business data to assess and critique business financial performance.
- Acquire a general analytical thinking skill set that can be used to assess business decisions incorporating risk and incomplete information.
- Gain proficiency in applying time value of money principals to complex situations using multiple step problem solving methods. Learn how to mathematically solve this type problem and learn how to use business financial calculators to solve time value and
- Understand how to value a bond and a stock using time value techniques. Determining whether a stock or a bond is a good buy.
- Understand and apply valuation methodologies to assess, accept or reject capital investments based on their expected effect on firm value.
- Analyze a firm's cash flow, recommend methods to improve cash flow, and the implications of cash on the value of stakeholder claims.
- The ability to integrate cash flow estimation methods, time value of money concepts, calculation of risk adjusted discount rates into valuation methodologies to assess the effect of business decisions on firm value.
- Learn the historical relationship between risk and return for various asset classes and gain an understanding of risk in a portfolio context. Learn how to measure and price risk and use the result in valuing securities.

Course Pre-requisites:

Students registered for this course must be Juniors or higher in standing and have completed the lower core requirements for the school of business. If you have not taken the prerequisites courses then you should drop this course now.

Your Grade:

Exams:	4 Exams	80%
Connect Plus – Online Quizzes	12 Quizzes (10 Points each)	10%
IClicker Participation	Approximately 100 questions	<u>10%</u>
Total		100%

My philosophy on curving is as follows: I believe curves should be used to mend my mistakes. If I believe that an exam was too difficult I may curve your scores. If on the other hand attendance is low and I do not receive any active participation in the classroom, I will assume that low scores are the result of lack of preparation and I will not feel motivated to curve. I reserve the right to implement a attendance based curve. Typically an attendance based curve utilizes a sliding scale based on attendance or in class performance (IClicker). If you miss more than 3 classes (unexcused) you will not be eligible for a curve in the class.

University policies regarding plus and minus grading will be followed. A tentative grade distribution is:

Scores in Percent	
$A \geq 93$	$73 \leq C < 76$
$90 \leq A- < 92$	$70 \leq C- < 72$
$87 \leq B+ < 89$	$67 \leq D+ < 69$
$83 \leq B < 86$	$63 \leq D < 66$
$80 \leq B- < 82$	$60 \leq D- < 62$
$77 \leq C+ < 79$	$F < 60$

Exams:

There will be 4 exams given during the course of the semester. Exams will typically consist of approximately 30 multiple choice questions. The exams are scheduled on the attached course calendar. Make-up policy: exams are given in class and **there will be no make-ups without a legitimate and documented excuse**. If you are unsure of what constitutes a legitimate excuse reference the student code of conduct handbook.

Cheat Sheets: formula sheets will be attached to each exam and are available for study on Moodle.

DSS Accommodations: Students requesting special exam accommodations should **provide me with the appropriate letter within 2 weeks of the start of class**.

Connect Plus On-line Homework:

Finance is learned by doing. I will be using the Connect Plus homework manager site sponsored by your text book. There will be 10 assignments each worth 10 points. Each assignment when completed will be graded immediately and you will receive a score. In order to facilitate your learning of material, I will allow you to repeat each exercise and score only your best score. When working the homework, make sure that you utilize the check work function so that you can check whether your work is correct before submitting for a grade.

The assignments are listed on the schedule and all assignments are due by 11PM on the due date listed! You can find the

Connect Plus site at:

<http://connect.mheducation.com/class/t-crawford-bfin-322-spring-2015-sec-01>

Assigned Problems

These are questions and problems from the text that I think you should be able to complete for test purposes. These problems will not be collected, but solutions will be made available on Moodle. The solutions to these problems are provided to you so that you can check your work and prepare for the exams.

The Connect Plus graded assignments involve only a few of the end of chapter problems. Success on these few problems does not assure a broad knowledge of the material and does not insure success on exams. If you want to master this material you must complete as many homework problems as possible. I strongly encourage you to attempt these without first consulting the solutions. Answers are always more obvious when you can peak at the answer—unfortunately peaking will not be allowed on exams.

Finance involves numbers; therefore I **strongly recommend** completing the assigned problems and the Chapter Review and Self-Test Problems found at the end of each chapter. Regular attendance and completing the assigned problems will provide a good foundation for successfully completing the course.

The text book also has the answers, but not the solutions, for all odd numbered questions. You can never do too many problems in this course! If you would like to go over your answers, please come by during office hours to review your work.

Iclicker:

You are the key to your success in this class. To try and have a more engaged classroom I will be utilizing Iclicker technology in class. Each class I will provide polling questions which you are required to submit answers. You will be evaluated on accuracy and participation/attendance.

Attendance:

This is a Junior/Senior level course so I should not have to say this: attendance is mandatory. The University has strict policies regarding what constitutes an excusable absence from class. If you do not know this policy, consult the student code of conduct handbook at the University website. I expect you to be in class, and it is a necessary (but not sufficient) condition for receiving a good class participation grade. I will use a seating chart where possible to facilitate, my learning of your names. Please sit in your assigned seat after the chart is created. More details will follow.

Make-up Work:

All requests for make up work must be approved in advance of an exam. Make-ups must generally be completed within two school days of the missed exam.

Major Field Examination:

All business majors must take and pass the Major Field Test (a national test of business knowledge) before graduating. Material from this course will be included on that exam.

Student Code of Conduct:

There appears to be an increase in the occurrences of cheating in the class room. Cheating will not be tolerated and anyone caught cheating will be punished to the fullest extent allowed by the University, including possible expulsion. If for some reason you are unsure of what constitutes cheating, obtain a copy of the student conduct code. If you do not want to learn this material, save yourself some money and drop the course.

A Link to the student conduct code:

All students are expected to be familiar with University of Montana's Code of Conduct. You can find a copy of it at: http://life.umt.edu/vpsa/student_conduct.php

Disability accommodations:

The University of Montana assures equal access to instruction through collaboration between students with disabilities, instructors, and Disability Services for Students (DSS). If you think you may have a disability adversely affecting your academic performance, and you have not already registered with DSS, please contact DSS in Lommasson 154. I will work with you and DSS to provide an appropriate accommodation.

Professional Courtesy:

While we often stress the importance of multi-tasking in the work place, in the class room it's best to have your full attention focused on the task at hand. Cell phones are to be turned off when entering the class room. No texting during class. If I see your cell phone out, I will ask you to leave class and you will be marked absent for that day.

If you leave the class, please do not come back during the class and finally arrive on time and be prepared for class. Arriving late or departing early is disrespectful to your instructors and your classmates.

Email:

According to University policy, faculty may only communicate with students regarding academic issues via official UM email accounts. Accordingly, students must use their GrizMail accounts (netid@grizmail.umt.edu or fname.lname@umontana.edu). Email from non-UM accounts will likely be flagged as spam and deleted without further response. To avoid violating the Family Educational Rights and Privacy Act, confidential information (including grades and course performance) will not be discussed via phone or email.

Drop date

February 13th (5PM)– last day to add the course without instructor approval; after this, instructor must approve

February 13th (5PM)– last day to drop the course without instructor approval or change to “audit” option

April 6th (5PM)– last day to drop the course without a petition; here is the UM catalog language: “Documented justification is required for dropping courses by petition. Some examples of documented circumstances that may merit approval are: accident or illness, family emergency, or other circumstances beyond the student's control.”

- The Accounting and Finance Department does not sign petitions that do not meet the circumstances defined in the UM catalog
- You cannot petition to drop because of a bad grade.

Classroom Philosophy:

My Role: My role will be to act as a facilitator. I will provide opportunity, structure and direction to facilitate your learning of fundamental concepts centered on the concepts of financial management

Your Role: Your role is to engage in active learning. You will learn and apply important financial concepts while you gain experience. Your success in this class, as in life, will depend on both your effort and performance.

Miscellaneous: Students frequently regard this course and finance courses in general as some of the most difficult ones in the business curriculum. There are several tips that I can offer to not only help you pass this course but to learn something along the way. **First, come to class**— there is a very strong relationship between attendance and grades. **Second**, read the chapters and prepare answers to the assigned problems **before** coming to class. **Third**, it is impossible to make sure every individual understands each concept. If you are struggling with a concept, please come see me outside of class. Please, **do not wait** to see me until just before, or worse, just after an exam. At this point it is too late to do much if any good. Finally there are no dumb questions, so feel free to ask for clarification. I maintain an open door policy and am willing to meet with you nearly anytime that I do not already have a commitment.

Formula for Success:

- Read the Materials ahead of class
- Come to every class
- Work out all suggested end of chapter problems (before consulting the solutions)
- Learn to use your calculator!

Final Note:

All dates in this syllabus are tentative and subject to change. Any changes will be announced in class. I also reserve the right to alter coverage, assignment weights, exam weights etc., if I feel they are necessary for the course (although I have no expectations of this at this time). Any changes will be announced in class.

Tutoring Information (ACTG 201/202/322)

- Study Jams are held Mondays and Wednesdays from 6:30-9:00 in the UC Commons.
- When possible I will try and schedule pre-exam help sessions

Fin 322
Tentative Schedule

Week			Topic	General HW	HW Due
1	M	1/26/2015	Intro-Chapter 1	All	
	W	1/28/2015	Chapter 2	All	
2	M	2/2/2015	Chapter 2 Cont.		HW 1
	W	2/4/2015	Chapter 3	All	HW 2
3	M	2/9/2015	Chapter 3 Cont		
	W	2/11/2015	Chapter 4		HW 3
4	M	2/16/2015	No Class		
	W	2/18/2015	Exam 1 (Chapters 1-3)		
5	M	2/23/2015	Chapter 4 Cont.	All	
	W	2/25/2015	Chapter 5		HW 4
6	M	3/2/2015	Chapter 5 Cont.	All	
	W	3/4/2015	Chapter 6		HW 5
7	M	3/9/2015	Chapter 6 Cont.	All	
	W	3/11/2015	Chapter 7		HW 6
8	M	3/16/2015	Exam 2 (Chapters 4-6)	All	
	W	3/18/2015	Chapter 7 Cont.		
9	M	3/23/2015	Chapter 8	All	HW 7
	W	3/25/2015	No Class		

Week			Topic	General HW	HW Due
10	M	3/30/2015	Spring Break		
	W	4/1/2015	Spring Break		
11	M	4/6/2015	Chapter 8 Cont.		
	W	4/8/2015	Chapter 9		HW 8
12	M	4/13/2015	Chapter 9 Cont.	All	
	W	4/15/2015	Chapter 10	All	HW 9
13	M	4/20/2015	Exam 3 (Chapters 7-9)		
	W	4/22/2015	Chapter 10 Cont.		
14	M	4/27/2015	Chapter 11	All	HW 10
	W	4/29/2015	Chapter 11 Cont.		
15	M	5/4/2015	Chapter 12	All	HW 11
	W	5/6/2015	Chapter 12 Cont.		HW 12
16	M	5/11/2015	Bfin 322 Section 1 Final 3:20 - 5:20		